

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4550-01  
Bill No.: HB 1889  
Subject: Sports Center Redevelopment Authority Act  
Type: Original  
Date: March 5, 2002

---

**FISCAL SUMMARY**

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
General Revenue	(\$27,588)	\$0	\$0
<b>Total Estimated Net Effect on <u>All</u> State Funds</b>	<b>(\$27,588)</b>	<b>\$0</b>	<b>\$0</b>

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
<b>Local Government</b>	<b>Unknown</b>	<b>Unknown</b>	<b>Unknown</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 7 pages.

**FISCAL ANALYSIS**

---

### ASSUMPTION

Officials of the **Governor's Office** assume no fiscal impact to their office.

Officials of the **Department of Elementary and Secondary Education** assume no fiscal impact to their department.

Officials of the **Missouri Department of Transportation** assumes this proposal could require MoDOT to incur the expense of providing modern interstate-style highways serving the new sports centers and the surrounding redevelopment areas. Officials assume this legislation would have a significant indirect, "voluntary" cost impact. If the new facilities are built away from the current St. Louis and Kansas City stadiums, then MoDOT may need to add highway entrance and exit ramps, additional highway bridges, etc., to serve the public stadiums. Officials assume no fiscal impact.

Officials of the **Department of Revenue** assumes that MITS would need to create a taxing district (shape file) enclosing the redevelopment area in order to gather the sales revenues and / or sales taxes generated to be able to identify, report and track the "new state revenues". It is estimated the above program changes will require 692 hours of programming at a total cost of \$23,085. The State Data Center cost to implement the proposed legislation will be \$4,503.

Officials of the **Department of Economic Development** assume no fiscal impact to their department.

Officials of the **Office of Administration- Division of Budget and Planning**, after consultation with the State Demographer, assume this proposal as written, allows for sports center development in both the St. Louis and Kansas City areas.

Officials stated that for purposes of this fiscal note, the only segment that is estimatable is Section 67.2033 subsection 3. This Section allows the state to appropriate up to \$7 million annually, per project, beginning in Fiscal Year 2006, (assuming the proposal would pass this session), to pay the State's share of debt service on the stadium (s). Therefore, officials assume there would be no State fiscal impact until Fiscal Year 2006. Officials assume beginning in Fiscal Year 2006 the State could incur a General Revenue cost of up to \$14,000,000 per year for 30 years. That cost would depend upon the number of stadiums that would be built. If one stadium were built the cost would be \$7,000,000.

### ASSUMPTION (continued)

Officials stated that there is a provision that mandates that the stadium authority receives all the

income derived from the sale of the “naming rights” to the stadium. After 10 years some of this revenue could be used to reimburse the state if the “new state revenues” as defined in Section 67.2009 do not meet or exceed the amount of the State’s annual appropriation. As there is no empirical basis for estimating the value of the “naming rights”, no estimate of the impact of this provision can be made. Officials assume that there would be no loss to existing revenue streams for the additional exemption contained in Section 67.2051, because it would only be applicable if a stadium were constructed.

Officials of the **City of St. Louis- Division of Budget** assume that the City would realize a positive fiscal impact, from local taxes during the construction of the \$326 million dollar stadium through 2005. Beginning in 2005, officials assume the City would be required to appropriate \$4.2 million dollars per year for 30 years through the year 2034. Officials assume these annual payments are to be offset by the incremental taxes generated by activities at the new ballpark. Based on St. Louis Cardinals projections of incremental taxes over current levels the net present value at 6% of the incremental taxes over the required appropriations through the agreement period is a positive \$26.2 million dollars.

**Oversight** assumes based on research conducted by the Office of Administration- Division of Budget and Planning, that the first year for state fiscal impact would be Fiscal Year 2006. Therefore, fiscal impact would be beyond the scope of this fiscal note. Oversight assumes, based on statements supplied by the Office of Administration, that this proposal would affect the Kansas City area stadiums.

Oversight assumes this proposal is enabling legislation and as written does not require any affected city or county to establish a Sports Center Redevelopment Authority.

Oversight assumes that if the affected cities would establish a Sports Center Redevelopment Authority and if the Missouri General Assembly were to elect to annually appropriate funds to provide debt service for the established sports authority, the annual costs to the State’s General Revenue Fund could be as much as \$14,000,000 for 30 years that would provide a net sum not to exceed \$100,000,000 in support of the sports authority plan. This estimate is based on the assumption that both Kansas City and St. Louis City areas would be eligible to establish a Sports Center Redevelopment Authority pursuant to this proposal.

The State would also realize income from it’s portion of revenues received from naming rights for the stadium. These funds would be deposited in the State’s Naming Rights Fund. This fund could be drawn upon by the state in the event new state revenue from the area would be less than

#### ASSUMPTION (continued)

the cumulative annual appropriation for the applicable period made by the state for the debt services on the financing.

If an eligible city were to establish a stadium pursuant to this proposal the city would realize positive fiscal impact from local taxes during the construction of the stadium through fiscal year 2005. The amount of taxes revenues is unknown. For purposes of this fiscal note Oversight assumes in Fiscal Year 2006 the city would be required to appropriate approximately \$4,200,000 per year for 30 years, through calendar year 2034. St. Louis officials assumed this annual payment would be offset by new revenues that would be generated by activities associated with the new stadium.

This proposal would allow St. Louis County to contribute tax revenues annually to the benefit of the Sports Center Redevelopment Authority. The proposal does not indicate what that amount would be.

<u>FISCAL IMPACT - State Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
---	---------------------	---------	---------

# **GENERAL REVENUE**

<b>Cost</b> to Department of Revenue for Programming costs	<u>(\$27,588)</u>	<u>\$0</u>	<u>\$0</u>
---	-------------------	------------	------------

<u>FISCAL IMPACT - Local Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
---	---------------------	---------	---------

# **CITY OF ST. LOUIS**

<b>Income</b> to City of St. Louis from tax revenues during construction	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
---	----------------	----------------	----------------

# FISCAL IMPACT - Small Business

Small business located within the redevelopment area could expect to be impacted to the extent that they would be

# DESCRIPTION

This act creates the "The Sports Center Redevelopment Authority ":

The City of St. Louis would be allowed to establish a "Sports Center Redevelopment Authority". The Authority would consist of a nine-member Board of Commissioners, with two members appointed by the Mayor with the consent of its governing body, two members appointed by the

County Executive with the consent of its governing body and five members appointed by the Governor with the advice and consent of the Senate. Members would have staggered terms of four years. One of the members appointed by the Governor would be the chairperson.

The Authority may employ an Executive Director and Legal Counsel. The act sets forth procedural, conflict of interest provisions, and powers of the authority. The Authority is granted the power of eminent domain.

Certain information must be included in a sports center redevelopment plan, including a legal description of the sports center redevelopment area, estimated project costs, general land uses and information regarding anticipated financing.

Public hearings are required prior to the adoption of a sports center redevelopment plan and sets forth notice and procedural requirements. When sports center redevelopment plan is adopted by the city and the authority, for a period not to exceed thirty-five years, economic activity taxes generated within the sports center redevelopment area shall be deposited into the special allocation fund of the city for the purposes enumerated, including paying project costs and obligations.

Subject to annual appropriation, debt service, over not more than thirty years for a debt financing in support of a sports center redevelopment plan, including project costs, is specified.

The act specifies that the Authority owns the naming rights to the publicly-owned stadium and shall negotiate a full fair market value price for the sale or lease of such rights. Naming rights revenues are to be expended for Authority operating costs, with reimbursement to the state if state sales tax revenues produced by the project do not meet or exceed the state's annual appropriations, early retirement of bonds issued by the Authority, or capital improvements to the stadium. The Cardinals may reasonably reject any name proposed for the stadium.

The maximum state appropriation could not exceed \$7 million per year for a maximum of 30 years.

#### DESCRIPTION (continued)

Income and property of the authority would be tax exempt; bonds and other obligations of the authority are exempt from income taxation by the state.

The act contains "Taxpayer Protection Provisions". The Cardinals must enter into at least a 35-year lease which also provides:

(a) The team must play all home games at the stadium, and could not relocate outside the city; (b) The team would make available at least 6,000 tickets per regular season home game at no more than \$12 per ticket, in year 2000 dollars; (c) The team would donate at least 100,000 tickets per year to youth and charitable organizations; (d) The team would contribute at least \$100,000 per year for the development, construction or refurbishment of neighborhood recreational facilities that would benefit disadvantaged youth in the city and the county; (e) The team would pay all operating and maintenance expenses of the stadium and would pay costs of capital improvements to the stadium in accordance with the terms of the lease; (f) If the team is sold, the team or its owners would pay a portion of the sale price and the amount would be determined solely by the authority; and (g) The team would make payments in lieu of taxes in each year if the amount of property taxes paid annually on the stadium property does not exceed the ad valorem property taxes paid prior to development of the stadium.

Certain requirements of the Cardinals in building the stadium are specified including cost overruns.

The team would provide to the state, the Authority, the city and the county satisfactory assurances as to the commencement, acquisition, construction or equipping of the other facilities to be included in the sports center redevelopment area, which shall include penalties for the failure to comply with such assurances.

The team and any developer would comply with all federal, state and local laws and executive orders regarding contracting, hiring and employment and would set a goal of 25% minority-owned business participation and 5% women-owned business participation

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

#### SOURCES OF INFORMATION

Office of the Governor  
Office of Administration- Division of Budget and Planning  
Department of Revenue  
Department of Economic Development  
Department of Elementary and Secondary Education  
Missouri Department of Transportation  
City of St. Louis

A handwritten signature in black ink, reading "Mickey Wilson". The signature is written in a cursive style with a large, stylized "M" and "W".

Mickey Wilson, CPA  
Acting Director  
March 5, 2002